

## **EXHIBIT B PART 1**

Harleysville Insurance Company of Ohio  
Harleysville-Atlantic Insurance Company  
Harleysville-Garden State Insurance Company  
Harleysville Insurance Company of New Jersey  
Harleysville Mutual Insurance Company  
Harleysville Preferred Insurance Company  
Harleysville Pennland Insurance Company  
Harleysville Worcester Insurance Company  
Harleysville Insurance Company of New York  
Harleysville Lake States Insurance Company

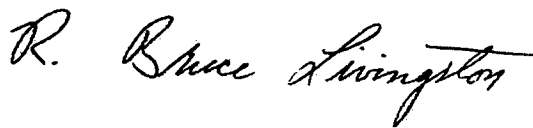
## LETTER OF CERTIFICATION

June 27, 2005

Chris Logan  
South-east Claims Service Center

This is to certify that the attached is a true and correct copy of:

Commercial Package #MPA-812988, all policy terms from 06/08/04 to 06/08/05,  
insofar as it relates to the insurance afforded hereunder at the following location:  
1910 Old Capitol Tr, Newark, DE 19711, to the Named: Layne Drexel,  
on the date of loss 06/22/04 and purchased in Delaware.



R. Bruce Livingston  
Assistant Vice President

Harleysville Mutual Insurance Company  
 355 Maple Avenue  
 Harleysville, PA 19438-2297  
 www.harleysvillegroup.com



**COMMERCIAL PACKAGE POLICY**  
**MPA 812988**

Named Insured:

**LAYNE DREXEL**  
**1910 OLD CAPITOL TR**  
**NEWARK DE 19711**

**Policy Term** 06/08/04 to 06/08/05  
 12:01 A.M. Standard Time  
**Issue Date** 03/26/04  
**Reason for Issue** Renewal Certificate

For assistance please contact your agent  
**S. T. GOOD INSURANCE, INC.**  
 at 800-531-1663

(Agent Code 07-3641)

**Type of Entity:** Individual  
**Business Description:** Apartment Building Lessor

In return for the payment of the premium and subject to all the terms of this policy, we agree to provide the insurance as stated in this policy. If you request cancellation of this policy, there is a minimum premium retention of \$100.

This policy consists of the following coverage part(s). The premium may be subject to adjustment.

Commercial General Liability  
 Commercial Property

	Annual
	Premium
	\$148.00
	(Minimum Premium)
	\$1,246.00
<b>Total:</b>	\$1,394.00

Harleysville Mutual Insurance Company  
355 Maple Avenue  
Harleysville, PA 19438-2297  
www.harleysvillegroup.com

**COMMERCIAL PACKAGE POLICY****MPA 812988**

Policy Term 06/08/04 to 06/08/05  
12:01 A.M. Standard Time  
Issue Date 03/26/04  
Agent Code 07-3641

**LAYNE DREXEL****SCHEDULE OF LOCATIONS/PREMISES**

This schedule is for address information only. Refer to attached coverage part(s) to determine application of coverage.

Loc No	Location Description
001	1740 W 4th Street Wilmington DE 19711 A.K.A. 318 N Scott

**FORMS AND ENDORSEMENTS**

The following are applicable to all coverage parts:

Number	Edition	Title
PJ0001E	0895	Policy Jacket
CP0299	1185	Cancellation Changes
IL0003	0702	Calculation of Premium
IL0017	1198	Common Policy Conditions
IL0021	0702	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
IL0237	0702	Delaware Changes - Termination Provisions
IL7123	0498	Exclusion of Certain Computer-Related Losses

The following material contains important information. Please read it carefully.

ST7394	1202	Policyholder Disclosure Notice of Terrorism Insurance Coverage
*ST7470	0104	Fungi Or Bacteria Exclusion Important Notice To Policyholders
*ST7471	1203	Advisory Notice To Policyholders
Z887	1299	Direct Claims Reporting Saves You Time and Money!

\* Indicates a new or replacement form.

**RENEWAL INSURING AGREEMENT**

We renew this policy for the period stated on the renewal declarations in return for your payment of the premium. The renewal is subject to all terms, conditions, forms and endorsements attached to the policy or to this renewal declaration.

Renewal offer requires payment for prior policy term.

Harleysville Mutual Insurance Company  
355 Maple Avenue  
Harleysville, PA 19438-2297  
www.harleysvillegroup.com



**COMMERCIAL PACKAGE POLICY**  
**MPA 812988**

Policy Term 06/08/04 to 06/08/05  
12:01 A.M. Standard Time  
Issue Date 03/26/04  
Agent Code 07-3641

LAYNE DREXEL

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**  
Effective Date: 06/08/04

**SCHEDULE OF COVERAGES**

<b>Limits of Insurance</b>		
Each Occurrence Limit		
Damage to Premises Rented to You Limit	Any one premises	\$1,000,000
Medical Expense Limit	Any one person	\$100,000
Personal and Advertising Injury Limit		\$5,000
	Any one person or organization	\$1,000,000
General Aggregate Limit		
(Other than Products-Completed Operations)		
Products/Completed Operations Aggregate Limit		\$2,000,000
		\$2,000,000

**SCHEDULE FOR COMMERCIAL GENERAL LIABILITY CLASSIFICATIONS**

Location/ Bldg or Premises	Classification Premium Base	All Other (Class Code)	Products/ Completed Operations (Class Code)
001/001 Buildings Or Premises- Bank Or Office- Mercantile Or Manufacturing (Lessor's Risk Only) - Other Than Not-For-Profit Products/Completed Operations are subject to the general aggregate limit Area		61212	See Class
	Premium Base =	504	

**FORMS AND ENDORSEMENTS**

		Loc/ State Bldg
CG0001	1001 Commercial General Liability Coverage Form	
CG0062	1202 War Liability Exclusion	
CG2147	0798 Employment-Related Practices Exclusion	
*CG2167	0402 Fungi Or Bacteria Exclusion	
CG2172	1202 Nuclear, Biological Or Chemical Terrorism Exclusion (Other Than Certified Acts Of Terrorism); Cap On Losses From Certified Acts Of Terrorism	
CG2176	1102 Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism	
CG7108	1201 Exclusion - Asbestos, Silica, or Talc	
CG7149	0901 Lead Liability Exclusion	
CG7195	0901 Exclusion - Year 2000 Computer-Related and Other Electronic Problems	

\* Indicates a new or replacement form. Retain listed forms not replaced.

Harleysville Mutual Insurance Company  
355 Maple Avenue  
Harleysville, PA 19438-2297  
www.harleysvillegroup.com



LAYNE DREXEL

**COMMERCIAL PACKAGE POLICY**  
**MPA 812988**

<b>Policy Term</b>	<b>06/08/04 to 06/08/05</b> 12:01 A.M. Standard Time
<b>Issue Date</b>	<b>03/26/04</b>
<b>Agent Code</b>	<b>07-3641</b>

Harleysville Mutual Insurance Company  
355 Maple Avenue  
Harleysville, PA 19438-2297  
www.harleysvillegroup.com



LAYNE DREXEL

**COMMERCIAL PACKAGE POLICY**  
**MPA 812988**

Policy Term 06/08/04 to 06/08/05  
12:01 A.M. Standard Time  
Issue Date 03/26/04  
Agent Code 07-3641

**COMMERCIAL PROPERTY COVERAGE PART**  
Effective date: 06/08/04

**SCHEDULE OF DEDUCTIBLES**

"Deductible" modifies insurance provided under the following: building and personal property coverage form, builders' risk coverage form, condominium association coverage form, condominium commercial unit-owners coverage form. Deductibles apply only when the coverage form is listed under the schedule of coverages.

Deductible: \$1,000  
See systems breakdown endorsement

These terms do not apply to any earthquake deductible or to any windstorm or hail percentage deductible provided elsewhere in this policy.

**SCHEDULE OF COVERAGES**

**Description of Coverages:**  
Coverage Type

Causes Covered  
of Loss Coin- Limit of  
Insurance Insurance

Loc 001 Bldg 001 State DE Terr 021

Description of Premises:  
Occupancy: Apartment Bldg  
Construction: Joisted Masonry

**Building and Personal Property Coverage Form**

Building  
Optional Coverages:  
Replacement Cost  
Systems breakdown endorsement applies

Special 100% \$225,000

**Business Income (and Extra Expense)  
Coverage Form**

Business Income Including Rental Value  
Mercantile or Non-Manufacturing Risk

Special 100% \$24,000

**SCHEDULE OF OTHER COVERAGES AND ENDORSEMENTS**

Prem Bldg  
No No

001 001

Mortgage holder  
OCWEN FEDERAL BANK  
P O BOX 57002

IRVINE CA 92619

Systems Breakdown Endorsement

Harleysville Mutual Insurance Company  
 355 Maple Avenue  
 Harleysville, PA 19438-2297  
 www.harleysvillegroup.com

**COMMERCIAL PACKAGE POLICY****MPA 812988**

**Policy Term** 06/08/04 to 06/08/05  
 12:01 A.M. Standard Time  
**Issue Date** 03/26/04  
**Agent Code** 07-3641

**LAYNE DREXEL**

Coverage options and description of covered property  
 B - Comprehensive coverage - coverage includes  
 boilers, vessels, piping, air conditioning  
 and refrigeration equipment, machinery and  
 electrical equipment.

Prem Bldg	No	No	Property damage.	Limit of Insurance
001	001		Business income/Extra expense : : : 12 consecutive months	Not limited
			Deductible: \$1,000	

**FORMS AND ENDORSEMENTS**

		Loc/ State Bldg
*CP0010	0402 Building and Personal Property Coverage Form	
*CP0030	0402 Business Income (and Extra Expense) Coverage Form	
CP0090	0788 Commercial Property Conditions	
*CP1030	0402 Causes of Loss - Special Form	
*CP7108	0493 Systems Breakdown Endorsement	
*IL0960	1102 Exclusion Of Acts Of Biological or Chemical Terrorism; Cap on Losses From Certified Acts of Terrorism	
*ST7418	0203 Notice to Policyholders Reductions in Coverage - Terrorism Exclusions	

\* Indicates a new or replacement form. Retain listed forms not replaced.



# Harleysville Mutual Insurance Company

355 Maple Avenue  
Harleysville, Pennsylvania 19438



This policy jacket with the policy provisions, declarations or information page, and endorsements, if any, completes this policy.

We will provide the insurance described in this policy in return for the premium and compliance with all applicable policy provisions.


#### **Mutual Conditions**


This policy is non-assessable. Upon acceptance of this policy, the insured becomes a member of the Company but such membership shall terminate if and when the policy of insurance shall be terminated, without renewal, for any reason whatsoever. The insured shall participate in the distribution of dividends to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provision of law.

#### **Annual Meeting**

As a member of the Company the insured is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meeting is held in the Company's home office, Harleysville, Pennsylvania on the fourth Wednesday of April in each year at 11:00 o'clock a.m. The inclusion of this notice in this policy shall constitute notice of the time and place of the Annual meeting.

In Witness Whereof, the Company has caused this policy to be executed and attested.

  
Walter R. Bateman  
President

  
Roger A. Brown  
Secretary

COMMERCIAL PROPERTY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CANCELLATION CHANGES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

The following is added to the CANCELLATION Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least 5 days before the effective date of cancellation.

**A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:**

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

**B. After damage by a covered cause of loss, permanent repairs to the building:**

1. Have not started, and
2. Have not been contracted for, within 30 days of initial payment of loss.

**C. The building has:**

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

**D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.**

**E. Failure to:**

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

IL 00 03 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

DR0480

IL 00 17 11 98

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
  - c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

DR0481

IL 00 21 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**1. The insurance does not apply:**

**A. Under any Liability Coverage, to "bodily injury" or "property damage":**

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.**

**C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:**

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

DR0482

IL 00 21 07 02

© ISO Properties, Inc., 2001

Page 1 of 2

**2. As used in this endorsement:**

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

DR0483



IL 02 37 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DELAWARE CHANGES – TERMINATION PROVISIONS**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART

**A. With respect to the:**

Farm Property-Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form; Commercial Property Coverage Part; and Capital Assets Program (Output Policy) Coverage Part;

if the policy covers a building that contains no more than 4 dwelling units, one of which is the insured's principal place of residence, or covers the insured's household personal property in a residential building, the following applies:

1. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation along with the reasons for cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 60 days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1) Nonpayment of premium;

(2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;

(3) Discovery of willful or reckless acts or omissions on your part that increase any hazard insured against;

(4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;

(6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the Delaware insurance laws; or

(7) Real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of cancellation is issued.

DR0484



2. The following Condition is added:

**NONRENEWAL**

- a. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 30 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
  - b. Any notice of nonrenewal will include the reason(s) for nonrenewal and will be mailed or delivered to the first Named Insured at the last mailing address known to us.
  - c. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If Cancellation Changes CP 02 99 is attached to the Commercial Property Coverage Part, Paragraph E.2. of that form is replaced by the following:
2. Pay property taxes that are owing and have been outstanding for more than two years following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

B. With respect to the:

CAPITAL ASSETS PROGRAM COVERAGE  
FORM (OUTPUT POLICY)

COMMERCIAL GENERAL LIABILITY  
COVERAGE FORM;

COMMERCIAL LEGAL LIABILITY  
PROPERTY - COVERAGE FORM;  
COMMERCIAL MORTGAGE HOLDER'S  
PROPERTY - ERRORS AND OMISSIONS  
COVERAGE FORM;

EMPLOYMENT-RELATED PRACTICES  
LIABILITY COVERAGE FORM;

FARM LIABILITY COVERAGE FORM;  
LIQUOR LIABILITY COVERAGE FORM;

POLLUTION LIABILITY COVERAGE FORM;  
PRODUCTS/COMPLETED OPERATIONS LI-  
ABILITY COVERAGE FORM; and

PROFESSIONAL LIABILITY COVERAGE  
FORM;

the following Condition is added and super-  
sedes any other condition to the contrary:

**NONRENEWAL**

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 60 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
3. If notice of nonrenewal is mailed, it will be sent by certified mail.

DR0485

This endorsement applies to all coverages provided by the following including all forms and endorsements attached thereto:

**BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL OUTPUT PROGRAM  
COMMERCIAL PROPERTY COVERAGE PART  
COMPUPAK POLICY**

**IL-7123  
(Ed. 4-98)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

**A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.**

**1. The failure, malfunction, inability or inadequacy of:**

**a. Any of the following, whether belonging to any insured or to others:**

- (1) Computer hardware, including microprocessors;**
- (2) Computer application software;**
- (3) Computer operating systems and related software;**
- (4) Computer networks;**
- (5) Microprocessors (computer chips) not part of any computer system;**
- (6) Telecommunications equipment; or**
- (7) Any other computerized or electronic equipment or components; or**

**b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;**

**which is in any way related to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.**

**2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.**

**B. If your policy includes the following coverages and an excluded loss ("loss") as described in Paragraph A. of this endorsement results in:**

- 1. A Covered Cause of Loss as defined under your Boiler and Machinery Coverage Part or Commercial Crime Coverage Part, we will only pay for the loss ("loss") or damage caused by such Covered Cause of Loss;**
- 2. A Covered Cause of Loss as defined under your Systems Breakdown Endorsement, we will pay only for the loss ("loss") or damage caused by such Covered Cause of Loss;**
- 3. A covered "accident" as defined under an Equipment Breakdown Coverage Endorsement, we will pay only for the loss ("loss") or damage caused by such covered "accident";**
- 4. A "Specified Cause of Loss" as defined, or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form of your Commercial Property Coverage Part, we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss" or elevator collision;**
- 5. A Covered Cause of Loss as defined under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form of your Commercial Property Coverage Part, we will pay only for the loss ("loss") or damage caused by such Covered Cause of Loss;**

6. A "Specified Peril" as defined, or in elevator collision resulting from mechanical breakdown, under the Property Coverage Part of your Commercial Output Policy, we will pay only for the loss ("loss") or damage caused by such "Specified Peril" or elevator collision;

7. Any of the following causes of loss under your Commercial Inland Marine Coverage Part or CompuPak Policy, we will pay only for the loss ("loss") or damage caused by the following causes of loss:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; or elevator collision resulting from mechanical breakdown.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. It does not include the cost of filling sinkholes.

b. Falling objects does not include loss ("loss") or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

We will pay for resulting or ensuing loss ("loss") under Paragraph B. of this endorsement only if the resulting or ensuing loss ("loss") is physical injury to tangible property.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

D. This endorsement applies to all coverages provided by this Coverage Part including all forms and endorsements attached thereto.

DR0487



## HARLEYSVILLE INSURANCE

### POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), you are hereby notified that you have insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act. Section 102(1) of the Act defines the term "act of terrorism" to mean any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Coverage under your policy may be affected as follows:

ANY IN-FORCE TERRORISM EXCLUSIONS FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT, CONTAINED IN YOUR POLICY OR INCLUDED IN AN ENDORSEMENT ARE NULLIFIED AS OF NOVEMBER 26, 2002. Any terrorism exclusions for acts of terrorism not defined in Section 102(1) of the Act included in your policy or included in an endorsement are valid and apply to your policy.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY ACTS OF TERRORISM, AS DEFINED IN THE ACT, IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAYS 90 PERCENT OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

THE ADDITIONAL PREMIUM FOR COVERAGE FOR LOSSES CAUSED BY ACTS OF TERRORISM, AS DEFINED IN THE ACT, IS WAIVED FOR THIS POLICY PERIOD.

**ST-7470  
(Ed. 1-04)**

**FUNGI OR BACTERIA EXCLUSION**  
**IMPORTANT NOTICE TO POLICYHOLDERS**

Your expiring policy contained a Mold Exclusion that has been converted to a new Fungi or Bacteria Exclusion. This results in a reduction in coverage from your prior policy as follows:

- The new form excludes coverage from bacteria which was not excluded in the prior form.
- The new exclusion applies regardless whether any other cause, event, material or product contributed concurrently or in any sequence to the injury or damage.

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ YOUR POLICY AND THE ENDORSEMENTS ATTACHED CAREFULLY. IF THERE IS ANY CONFLICT BETWEEN THIS SUMMARY AND THE POLICY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

**DR0489**

## ADVISORY NOTICE TO POLICYHOLDERS

### COMMERCIAL PROPERTY COVERAGE PART

This is a summary of the major changes in your Commercial Property Coverage Part. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your declaration page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. The material is organized by coverage forms and endorsements; however, not all coverage forms or endorsements are included in a particular policy.

### PROPERTY DAMAGE COVERAGE FORMS

#### **I. CHANGES IN COVERAGE. ELECTRONIC DATA** (CP 00 10, CP 00 17, CP 00 18, CP 00 99)

In the revised policy, electronic data (which is now defined) is characterized as Property Not Covered, except as provided under Additional Coverage . Electronic Data.

Under the Additional Coverage . Electronic Data, coverage is provided for the cost of replacing or restoring electronic data which has been destroyed or corrupted by a Covered Cause of Loss. The Covered Causes of Loss is limited to named perils. The Covered Causes of Loss include computer virus. The Electronic Data coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** The new annual aggregate limit of \$2,500 per policy represents a reduction in coverage with respect to losses that would have been covered in the past under Valuable Papers And Records-Cost of Research. The previous coverage was in the amount of \$2,500 per premises for each occurrence, unless the Declarations showed a higher limit.

**Potential broadening of coverage.** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus may be a covered cause of loss. To the extent that such losses would not have been covered in the past, the Additional Coverage Electronic Data represents a broadening of coverage.

#### **II. CLARIFICATION OR PROCEDURAL CHANGES**

##### **➤ INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

The Additional Coverage. Increased Cost Of Construction currently contains an exclusionary provision relating to pollution. Text is added, to make it explicit that the exclusion regarding pollution affects all aspects of the Increased Cost Of Construction coverage.

##### **➤ VALUABLE PAPERS AND RECORDS (OTHER THAN ELECTRONIC DATA)** (CP 00 10, CP 00 17, CP 00 18, CP 00 99)

Valuable papers and records (other than electronic data) are addressed in a Coverage Extension of that title. There is no change in coverage.



**III. POTENTIAL REDUCTION OF COVERAGE****➤ INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

The limited coverage provided under the Causes of Loss Forms and new optional endorsement are intended to be the only sources of recovery for mold-related losses. The Ordinance or Law coverage forms and optional endorsements are revised to specify that they do not apply to mold-related losses.

The Additional Coverage, Increased Cost Of Construction is revised to specify that such coverage does not apply to losses related to enforcement of laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

**➤ ELECTRONIC DATA . LEGAL LIABILITY AND MORTGAGEHOLDERS ERRORS AND OMISSIONS (CP 00 40, CP 00 70)**

Under revised Legal Liability Coverage Form CP 00 40, Covered Property has been amended to not include electronic data.

In revised Mortgageholders Errors And Omissions Coverage Form CP 00 70, under Coverage A (Mortgageholders Interest) and Coverage B (Property Owned Or Held In Trust), Covered Property does not include electronic data.

**BUSINESS INTERRUPTION COVERAGE FORMS****I. CHANGES IN COVERAGE . INTERRUPTION OF COMPUTER OPERATIONS (CP 00 30, CP 00 32, CP 00 50)**

In the past, Electronic Media and Records were addressed by means of a Limitation under Loss Conditions in the business income forms. Under this Limitation, business income loss due to damage to electronic media and records was limited to the longer of 60 days or the time needed to restore other property (unless a greater number of days was provided via endorsement CP 15 29). The Limitation did not apply to Extra Expense under the combined business income/extra expense form. These provisions are eliminated and the Coverage Form addresses electronic data as outlined below.

In the revised policy, under Additional Coverage . Interruption Of Computer Operations, coverage is provided for business income loss and/or extra expense (depending on the Coverage Form used in a particular policy) arising from a business interruption caused by destruction or corruption of electronic data by a Covered Cause of Loss. The Covered Causes of Loss in this situation are limited to named perils, including computer virus. The Interruption Of Computer Operations coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** In comparison to the time limitation used in the past, the new aggregate dollar limit represents a reduction in business income coverage. Coverage is also reduced for extra expense, because the time limitation mentioned above did not apply to extra expense; the new aggregate limit applies to business income and extra expense.

**Potential broadening of coverage:** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus is a covered cause of loss in many circumstances. To the extent that business interruptions related to such losses would not have been covered in the past, the Additional Coverage . Interruption Of Computer Operations represents a broadening of coverage.

**II. CLARIFICATION OR PROCEDURAL CHANGES****>> RENTAL VALUE (CP 00 30, CP 00 32)**

The definition of rental value has been revised to emphasize that continuing normal operating expenses are included and non-continuing expenses are deducted in computing loss of rental value.

**>> EXTRA EXPENSE COVERAGE (CP 00 30, CP 00 50)**

The Extra Expense coverage, as revised, omits explicit reference to the expense of replacing valuable papers and records, but this does not constitute a preclusion of coverage for all valuable papers and records. Instead, the new limitations on electronic data, discussed above, affect valuable papers and records stored as electronic data. There is no restriction in coverage relating to valuable papers and records in the paper medium.

The Extra Expense coverage is revised to clarify that repair or replacement of property is covered only to the extent that it reduces the amount of loss that otherwise would have been payable under the Coverage Form (CP 00 30 or CP 00 50).

**CAUSES OF LOSS FORMS  
(AND CAUSES OF LOSS SECTIONS OF CP 00 70 AND CP 00 99 AS  
LISTED IN INDIVIDUAL ITEMS)**

**I. CLARIFICATION OR PROCEDURAL CHANGES****>> UTILITY SERVICES EXCLUSIONS  
(CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

A statement has been added to the Utility Services exclusions, explaining that failure of power or other utility service includes lack of sufficient capacity and a reduction in the supply of the service.

**II. REDUCTION OF COVERAGE****>> LOSSES INVOLVING FUNGUS, WET ROT, DRY ROT OR BACTERIA  
(CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

In the past, coverage for loss caused by fungus (including mold, wet rot and dry rot) was provided when the fungus resulted from a Covered Cause of Loss. Under property damage forms, the Limit of Insurance on the affected property was the maximum payable for the total of all damages (by the covered cause of loss and fungus) to the covered property. Under business interruption forms, the period of restoration, as defined in the forms, applied without exception to a suspension of operations involving fungus. Such coverage, for property damage and business interruption, still applies when fungus results from a fire or lighting loss.

As revised, the policy provides limited coverage when fungus results from a Covered Cause of Loss other than fire or lightning (Forms CP 10 10, CP 10 20, CP 00 99) or a specified cause of loss other than fire or lightning (as defined in forms CP 10 30, CP 00 70). Property damage coverage is subject to a \$15,000 annual aggregate limit per policy. The \$15,000 limit, which does not increase the limit of insurance on the affected property, represents a reduction in coverage.

Under business interruption coverage (provided that a particular policy includes such coverage), when a business interruption is attributable to fungus, the period of restoration is limited to 30 days (not necessarily consecutive days). When fungus prolongs a business interruption that is attributable to other damage, a delay of up to a total of 30 days is covered (regardless of when the delay occurs during the period of restoration). In each case, the 30-day period represents a reduction in coverage.



**III. POTENTIAL REDUCTION OF COVERAGE****➤ EXCLUSION OF CONTINUOUS OR REPEATED SEEPAGE OR LEAKAGE OF WATER OR STEAM  
(CP 10 10, CP 10 20, CP 10 30, CP 00 99)**

This exclusion has been revised by adding reference to the presence or condensation of humidity, moisture or vapor. The exclusion addresses conditions which persist over a period of 14 or more days.

**ENDORSEMENTS****I. CLARIFICATION OR PROCEDURAL CHANGES**

**CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT**  
**CP 15 31 ORDINANCE OR LAW INCREASED PERIOD OF RESTORATION ENDORSEMENT**

These endorsements contain an exclusionary provision relating to pollution. In the revised endorsements, text has been added to make it explicit that such exclusion affects all aspects of the Ordinance Or Law coverage.

**CP 15 45 UTILITY SERVICES . TIME ELEMENT**

The revised endorsement includes a paragraph explaining the function of the Schedule entry for a Limit of Insurance. The title of that Schedule entry is revised to make it more explicit.

**CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES . BROAD FORM**  
**CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES . LIMITED FORM**  
**CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

These endorsements currently indicate that contributing locations (a property that delivers materials or services to the insured) do not include suppliers of water, communication service or power.

These endorsements are being reworded to explicitly indicate that services relating to Internet access (or access to any electronic network) fall under the definition of suppliers of communication services.

**CP 11 05 BUILDERS RISK REPORTING FORM**  
**CP 13 10 VALUE REPORTING FORM**

New language has been added to the Premium Adjustment section of these forms, stating that the due date for any additional premium is the date shown on the bill as the due date.

**II. POTENTIAL REDUCTION OF COVERAGE**

**CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT**  
**CP 15 31 ORDINANCE OR LAW . INCREASED PERIOD OF RESTORATION ENDORSEMENT**

These endorsements are revised to specify that ordinance or law coverage does not apply to losses related to enforcement of ordinances or laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

**CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES . BROAD FORM**  
**CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES . LIMITED FORM**  
**CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

As revised, coverage under these endorsements does not apply when the only damage at the premises of the dependent property is damage to electronic data. If the dependent property suffers damage to electronic data and other property, resulting in a suspension of operations at the insured's premise, coverage under these endorsements will not continue after such other property is repaired or replaced.

**CP 04 17 UTILITY SERVICES . DIRECT DAMAGE**

This endorsement makes explicit that loss or damage to electronic data caused by an interruption in utility service is not covered.

**CP 15 45 UTILITY SERVICES . TIME ELEMENT**

This endorsement makes explicit that coverage under this endorsement does not apply to business income loss or extra expense related to an interruption in utility service which causes loss or damage to electronic data.

Includes copyrighted material of Insurance Services Office, Inc. with its permission.



**The Harleysville  
Insurance Companies**  
355 Maple Avenue  
Harleysville, PA 19438-2297  
www.harleysvillegroup.com

## **New Reporting Options:**

### **Direct Claims Reporting Saves You Time**

**1-800-892-8877**

**Call us to report a claim 24 hours a day – 7 days a week**

---

While we hope you never suffer a loss, you can rest assured that your claim will get immediate and professional attention. With our 24-hour service, you can file your claims directly with us any time, including after normal business hours and holidays.

Whether your loss involves your home, your vehicle, your personal belongings, your boat, your business or glass breakage, just call 1-800-892-8877 to report the claim. Our courteous, professional staff will start all the necessary paperwork as soon as you call. We will ask you for essential information to help determine the extent of your loss, and within minutes, we can assign a claim number to your loss and advise you on the handling process.

### **Direct reporting benefits you directly**

#### **24-hour service**

To make it easy for you to report your loss promptly, we're available every day of the year – day and night.

#### **Immediate, personal assistance**

With direct reporting, you will be immediately connected to a knowledgeable person who understands your situation.

#### **You save time**

When you phone in your claim, there's no need to complete a written report. We'll handle the paperwork for you.

#### **Your satisfaction guaranteed**

If your vehicle has been damaged, we can offer your participation in our Preferred Repair Program. If you choose one of the quality repair shops offered, you won't have to wait for an appraiser's inspection or for your check. Repairs are fully guaranteed and we pay for the repairs directly, but only after you tell us you're completely satisfied.

If your home or business has been damaged, we can offer you participation in our Approved Contractor Program. Not only will the quality contractor promptly prepare an estimate of damages for your review, but, at your option, will perform the repairs for the amount agreed upon in the estimate. These repairs are fully guaranteed for a period of one year.

#### **A National Network of Regional Insurers**

Great Oaks Insurance Company  
Harleysville-Atlantic Insurance Company  
Harleysville-Garden State Insurance Company  
Harleysville Insurance Company of New Jersey  
Harleysville Life Insurance Company

Harleysville Mutual Insurance Company  
Huron Insurance Company  
Lake States Insurance Company  
Mainland Insurance Company  
Mid-America Insurance Company

Minnesota Fire and Casualty Company  
New York Casualty Insurance Company  
Pennland Insurance Company  
Worcester Insurance Company

DR0495

**You get free mobile service for windshield repair**

If you report a broken windshield or other auto glass damage, we'll arrange for one of our glass specialists to assess your vehicle. You may have the repairs or replacement performed at one of our hundreds of conveniently located glass shops or, if you prefer, our mobile service will come to your driveway, office parking lot, or any other place you designate to do the work on the spot. It couldn't be simpler and, except for any deductibles that may apply, there's no charge to you.

**We'll help you prevent further damage**

Whether you've suffered a loss to your vehicle, home, business or boat, we can advise you of the proper steps to minimize your loss and protect your property from further damage.

**We'll assure quality medical care**

If you're reporting a workers compensation claim, our early intervention program helps ensure that your employee is treated by a physician committed to quality care and to getting your employee back to work as soon as possible.

**TO HELP YOU KEEP OUR CLAIMS NUMBERS WITHIN EASY REACH, WE'VE ENCLOSED TWO WALLET CARDS AND TWO STICKERS FOR YOUR IMMEDIATE USE. (SIMPLY DETACH THE CARDS AND PEEL OFF THE LABELS.)**

**Direct Claims Reporting:**

**1-800-892-8877**

**24 hours a day, 7 days a week**

**or**

**If you do not wish to utilize our Direct Claims Reporting,  
you may call your professional independent agent.**

## COMMERCIAL GENERAL LIABILITY

CG 00 01 10 01

## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

## SECTION I – COVERAGES

## COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

## 1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".



**f. Pollution**

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

#### g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
- (a) Less than 26 feet long; and
- (b) Not being used to carry persons or property for a charge;

- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

#### h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

#### i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

#### j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.



Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

**COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**

**1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance ; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

## 2. Exclusions

This insurance does not apply to:

### a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

### b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

### c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

### d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

### e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

### f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

### g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

### h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

### i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

### j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

### k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**I. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-Related**

Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**COVERAGE C MEDICAL PAYMENTS****1. Insuring Agreement**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;
- provided that:
- (1) The accident takes place in the "coverage territory" and during the policy period;
  - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

**2. Exclusions**

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured, except "volunteer workers".

**b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

**c. Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

**e. Athletics Activities**

To a person injured while taking part in athletics.

**f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

**g. Coverage A Exclusions**

Excluded under Coverage A.

**h. War**

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

**SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.

- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
  - e. All costs taxed against the insured in the "suit".
  - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
- These payments will not reduce the limits of insurance.
- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
    - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
    - b. This insurance applies to such liability assumed by the insured;
    - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
    - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.



**SECTION II – WHO IS AN INSURED****1. If you are designated in the Declarations as:**

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

**2. Each of the following is also an insured:**

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

**(1) "Bodily injury" or "personal and advertising injury":**

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

**(2) "Property damage" to property:**

- (a) Owned, occupied or used by,

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C
- because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

#### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

#### 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

#### b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

#### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

#### 7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

#### 8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### 9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

#### SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".



3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in a. above;
    - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communicationprovided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
  - b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b. Includes**

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

**c. Does not include vending machines or other property rented to or located for the use of others but not sold.****22. "Your work":****a. Means:**

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

**b. Includes**

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
- (2) The providing of or failure to provide warnings or instructions.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WAR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. Exclusion i. under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:**

#### **2. Exclusions**

This insurance does not apply to:

##### **i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or**
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or**
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.**

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

#### **2. Exclusions**

This insurance does not apply to:

##### **WAR**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- a. War, including undeclared or civil war; or**
  - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or**
  - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.**
- C. Exclusion h. under Paragraph 2., Exclusions of Section I – Coverage C – Medical Payments does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., Exclusions of Section I – Coverage C – Medical Payments since "bodily injury" arising out of war is now excluded under Coverage A.**

**COMMERCIAL GENERAL LIABILITY  
CG 21 47 07 98**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

DR0514